United Nations DP/CCF/LAT/2

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
8 December 2000

Original: English

First regular session 2001
29 January-6 February 2001, New York
Item 3 of the provisional agenda
Country cooperation frameworks and related matters

Second country cooperation framework for Latvia (2001-2004)

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00-79056 (E) 020101

Introduction

1. The second country cooperation framework (CCF) for Latvia covers the period 2001 to 2004 and is the result of extensive consultations between the Government and UNDP, the analysis and recommendations emerging from the country review and common country assessment (CCA) exercises undertaken in March and June 2000, and the analysis contained in the national human development reports (NHDRs) for 1997, 1998 and 1999. It outlines the agreed strategy and areas of focus for all UNDP cooperation for the period, taking into account the activities and plans of other international, regional and bilateral governmental and non-governmental partners, including the World Bank, the European Union and the Organization for Security and Cooperation in Europe (OSCE).

I. National development from a sustainable human development perspective

2. Since the restoration of independence in 1991, Latvia has successfully stabilized its economy, (re)created democratic institutions, (re)instituted democratic practices, and made considerable progress towards integration with the European Union. The progress that Latvia has made towards establishing a stable economic and social environment was recognized in the European Union announcement at its December 1999 Helsinki summit, stating that Latvia would be invited to begin direct negotiations for membership in the European Union.

3. Since 1991, three democratic parliamentary elections have been held (1993, 1995 and 1998) with over 70 per cent of eligible voters participating. Since 1995, however, Latvia has had six different governments; the frequent changes have caused delays in the adoption of many key policy initiatives.

4. Non-governmental organizations (NGOs) have become an important part of a growing civil society. In recent years, several NGOs have established themselves as effective advocates and activists in areas such as human rights, support to the disabled, the environment and adult education, and have demonstrated an increasing influence on legislation.

5. After three successive strong years of economic performance, in terms of containing inflation and sustaining significant real gross domestic product (GDP) growth, in 1999 Latvia suffered a slight deceleration in momentum. GDP growth slowed to 0.1 per cent in 1999, down from 3.9 per cent in 1998 and 8.6 per cent in 1997. The decrease in growth rate comes largely as a result of the effects of the Russian financial crisis of 1998 on the Latvian export industries and financial sector, both of which were partially reliant on Russia and the Commonwealth of Independent States (CIS). Levels of inflation (3.2 per cent) and unemployment (9.1 per cent) compare favourably with the country's neighbours and the European Union.

6. With a human development index (HDI) of 0.771, Latvia ranked 63 out of a total of 174 countries, according to the Human Development Report 2000. As shown in the CCA of 2000, however, a number of areas of human development remain to be addressed. There are considerable gender disparities in labour-market participation, wage differentials among men and women and weak male involvement in reproductive health. Overall, the value of the country's HDI is affected by deteriorating health indicators, with male life expectancy among the lowest in Europe at 64.1 years (1998), falling birth rates and rising rates of mortality. Of particular concern is the recent dramatic increase in sexually transmitted diseases (STDs) and in registered human immunodeficiency virus (HIV) infections since 1996, when the cumulative number of registered HIV infections was 63, rising to 88 in 1997; 251 in 1998; and 492 by the end of 1999. The figure for August 2000 was 750.

7. While Latvia has not established an official poverty line, three different measures of poverty are used based on different definitions of the basket of goods necessary for basic subsistence. Depending on which definition is applied, the number of people living in poverty ranges from 20 to 60 per cent. Approximately 40 per cent of all children in Latvia live in families considered to be among the poorest. Poverty is very unevenly spread along the urban/rural divide, with rural areas approximately three times poorer than urban areas.

8. An important factor in the country's human development is the integration of all population groups in society. Just over 25 per cent of the population are non-citizens, many of whom have poor knowledge of

the official state language — Latvian. Although naturalization began in 1995, initial rates were rather low. In October 1998, amendments to the citizenship law were passed which eased the process of naturalization, resulting in an increase in the number of applications.

9. Latvian language training is a crucial and highly sensitive element of the policy of national integration. UNDP support to the National Programme for Latvian Language Training has contributed to an improvement in methodology and training materials available for language training in minority schools. Since the implementation of the National Programme began in 1996, several thousand teachers in minority schools and other adult target groups have received language training. While sociological surveys reveal an increase in the number of people who have improved their knowledge of Latvian, there is still only a slight rise in the number of people who know Latvian well.

10. While various international organizations have concluded that there is no systematic violation of human rights in Latvia, individual cases have been noted with respect to children's rights, gender equality and the treatment of prisoners and illegal immigrants. Through the work of the Latvian National Human Rights Office (LNHRO) and various human-rights NGOs, there is better understanding of human rights in Latvia and opportunities for residents to report human-rights violations have been expanded. The constitution was amended in 1998 to include an entire chapter on human rights and the death penalty was abolished in 1999.

11. Many of the country's environmental indicators show improvement since independence, especially in the levels of air and water pollution. This can be explained in part by the collapse of Soviet-era industrial enterprises. Latvia, however, still faces the challenge of increasing energy efficiency, lowering dependence on fossil fuels and preserving its rich biodiversity.

II. Results and lessons of past cooperation

12. The first CCF for Latvia for the period 1997 to 2000 focused on two priority thematic areas: (a) democratization, sound governance and social integration; and (b) raising living standards. The country review of March 2000 concluded that UNDP programme performance under the first CCF was highly relevant and well targeted to capitalize on the comparative advantage of UNDP, in particular its perceived and actual neutrality in sensitive areas such as human rights and social integration. UNDP assistance has been characterized by upstream policy support for the development of key national programmes and strategies. It includes support programme implementation and capacity-building initiatives for relevant national institutions. Advocacy activities have been very effective in areas such as human rights, national integration and poverty alleviation. The impact has been tangible and has led to policy changes, the introduction of laws and the formulation of national programmes.

Democratization, sound governance and social integration

13. In response to the 1993 World Conference on Human Rights, UNDP supported the development of the country's National Programme for the Protection and Promotion of Human Rights. During the first CCF, UNDP also helped build the capacity of the LNHRO, which is now an established institution with secure (if less than desired) financing from the State budget. Numerous staff members have participated in substantive training events to increase their capacity to address human-rights issues and a complaints handling system is now in place.

14. Soon after regaining independence, the Government recognized that the key to the social integration of the country's ethnically and linguistically diverse population was to assist the many non-Latvian speakers in the country to learn and use Latvian. As a result of the sensitive nature of this endeavour, the Government requested the assistance of UNDP in developing and implementing the National Programme for Latvian Language Training (NPLLT). At the end of this first CCF period, the NPLLT has now been functioning for four years; and has established sustainable national capacity and trained over 8,000 teachers (ultimately benefiting over 125,000 schoolchildren) and 5,000 other adults from select target groups; and has developed numerous textbooks and other modern learning aides for classroom, radio, television and Internet.

15. In the past two years, the Government has taken the significant initiative to further promote integration

in Latvia by developing — with direct UNDP support — a national integration programme (NIP). One of the most significant immediate outcomes of this process is government recognition that language training and naturalization of non-citizens is a necessary — but insufficient — strategy for promoting integration. The NIP widens the concept of integration to include gaps between rich and poor, urban and rural, and the widening rift between the State and society.

16. During the transition period, the court system has faced the dual challenge of establishing a genuine and credible independence (lacking during Soviet rule) from the other branches of government, while internalizing the myriad legal and other requirements resulting from the country's application for European Union membership. UNDP has concentrated its efforts on building the capacity of the court system by training the staff of Ministry of Justice and the judges of district, regional, supreme and constitutional courts. A recent evaluation of this initiative revealed that more training is needed for judges and that future training should also include other actors of the judicial system.

17. UNDP has contributed directly to the establishment of a national NGO centre and a regional NGO centre network and has supported individual NGOs. The major challenge facing the NGO sector is sustainability, which is directly linked to mobilizing domestic resources through partnerships with central and local governments and the private sector.

18. As noted in the country review and in the CCA, gender is an area in which the country office has had more success and impact through advocacy than through operational support. A government gender focal point was established in 1998; an interministerial working group has been set up; and a conceptual paper for gender mainstreaming is under preparation and will be used as policy guidelines for a network of gender focal points in line ministries.

Raising living standards

19. Prior to the first CCF period, the issue of poverty was considered politically sensitive and, as the country review noted, earlier governments were unwilling to admit that poverty was a problem in Latvia. Through a collaborative effort with the World Bank and the International Labour Organization (ILO), UNDP has supported the development of a national poverty alleviation strategy (NPAS). It has contributed expertise and sponsored a series of five quantitative and qualitative studies that have greatly expanded the available body of information on the nature and extent of poverty. As a result, the Government has for the first time established poverty definitions and the NPAS has been approved by the cabinet of ministers.

20. Particularly noteworthy is the impact of the NHDRs which are widely acclaimed in government and non-governmental circles as having had a direct and indirect influence on policies and legislation (notably for social integration, poverty alleviation and gender equality) and has fostered dialogue between the public and private sectors.

Programme management

21. In spite of the number of individual project budgets, UNDP support to Latvia focuses and generally follows a programme approach. The country review observed that the cohesion of different interventions could be improved by bringing them together under a programmatic umbrella, such as the programme support document (PSD). National execution has been well introduced, with specific training for the concerned programme/project personnel. As a result, 85 per cent of UNDP support now falls under the national execution modality. National partners are aware, convinced and appreciative of the emphasis placed by UNDP on national responsibility and ownership.

III. Proposed strategy and thematic areas

22. UNDP interventions under the first CCF addressed a broad spectrum of sustainable human development (SHD) issues, emphasizing the development of important national programmes and of capacity-building for their implementation. In following this strategy, UNDP has established its niche as a coordinator of "other" donor assistance in addressing politically sensitive SHD priorities in Latvia. The country review therefore recommended that future UNDP cooperation should focus on areas where its comparative advantage can best be exploited and should aim to consolidate and sustain results achieved thus far. The first CCA confirmed this conclusion which is accentuated by the focus which the Government, the European Union and many European

Union donors are placing on institutional development across a broad spectrum in order to meet accession requirements. The development of the second CCF is also guided by the increasing emphasis UNDP places on providing upstream support for policy advocacy and development. The Government and UNDP have consequently concluded that cooperation under the second CCF will focus on the following two thematic areas: (a) promoting an integrated society; and (b) strengthening governance and the rule of law. UNDP assistance under the second CCF will feature fewer individual projects, concentrating on consolidation and the sustainability of ongoing efforts and will expand the type of non-project interventions aimed at supporting policy development and advocacy. Gender-equality and human-rights concerns will be addressed as cross-cutting issues within each major programme area.

A. Promoting an integrated society

23. Latvia has made significant progress in addressing key issues related to the promotion of an integrated society in the priority areas of human rights, naturalization and language training. During the past two years, however, the Government has implemented a process involving national experts, NGOs, the media and the public at large to reach a national consensus on the meaning of "integration". This process has resulted in the drafting of a conceptual framework document (CFD) on integration which provides a working definition of "integration" in the Latvian context, and most recently, the drafting of the NIP. As a result, the concept of integration in Latvia has been broadened to include not just citizenship and language concerns, but also the need to address poverty, promote integration of the disabled, strengthen civil society and reduce public mistrust of state and government institutions. The NIP is designed as a broad, coordinated and coherent multi-sectoral national strategy.

24. UNDP has supported the development of the CFD and the NIP through technical assistance and by promoting participatory dialogue on integration policy, involving both civil society and politicians. UNDP has also supported key interventions, which according to the broadened definition of integration now fall within the general framework of the NIP. Specifically, this includes the development and implementation of national programmes for human rights and language training, and more recently, the development of the NPAS. Further UNDP assistance will concentrate on consolidating results achieved thus far in the areas of human rights and language training through policy dialogue aimed at securing sustainability of these initiatives. At the same time, UNDP will work to establish fertile ground for the sustainability of the NIP and the NPAS by supporting their implementation through policy advocacy and capacity-building support.

Proposed interventions

25. *National integration programme*. Upon the request of the Government, UNDP will coordinate the international assistance for implementation of the NIP through a PSD, by building partnerships with the European Union and major bilateral donors. UNDP will continue its policy dialogue with the Government in order to establish participatory decision-making structures to manage the NIP, while building the capacity of NIP coordinating structures. The multi-sectoral nature of the NIP will require the strengthening of horizontal linkages across line ministries and the fostering of vertical linkages between central and local government and civil society.

26. The expected results include: (a) the strengthened capacity of the NIP coordinating institution to manage NIP implementation and engage other State, local and civil society organizations developing projects for funding across the broad range of NIP substantive areas; (b) the strengthened capacity of relevant sectoral ministries to formulate and implement activities serving the objectives of the NIP; and (c) enhanced public awareness of NIP results through transparent and participatory NIP monitoring and evaluation.

27. *National poverty alleviation strategy (NPAS)*. In supporting the development of the NPAS, UNDP has established a baseline of quantitative and qualitative information against which progress in poverty eradication in Latvia may be measured. The NPAS promotes actions that address the structural causes of poverty, with emphasis on employment and employability, and improved social protection measures, particularly by targeting the poorest of the poor. UNDP will provide the necessary expertise to establish an internationally comparable poverty line, to create sound poverty-monitoring mechanisms and to support pilot initiatives that foster cooperation between local governments and NGOs.

28. The expected results include: (a) more targeted assistance for the neediest inhabitants by setting up an official poverty line and poverty-monitoring mechanisms; and (b) increased local government/NGO/private-sector cooperation in alleviating poverty.

29. *National Programme for Latvian Language Training*. The ongoing UNDP/multi-donor project supporting the implementation of the National Programme for Latvian Language Training will end in the first year of the CCF period. While many of the project's targets have already been met or exceeded (as noted in part II), UNDP will continue its policy dialogue with the Government after the end of the project to ensure the sustainability of the National Programme.

30. The expected results include: (a) continuous implementation of the National Programme through increased funding from the State budget and strengthened management capacity of the Government to coordinate donor assistance.

31. *National Programme for the Protection and Promotion of Human Rights*. With the completion of planned international assistance to the Latvia National Human Rights Office (LNHRO), the focus of attention has shifted to the wider human-rights environment in Latvia. At the request of the Government and in cooperation with the Office of the United Nations High Commissioner for Human Rights (OHCHR), UNDP will support a review of the National Programme in order to develop human-rights understanding further among the civil service, NGOs, the media, academia and the general public.

32. The expected result is that the participatory review of the National Programme for the Protection and Promotion of Human Rights will be completed and updated to reflect lessons learned and emerging priorities.

B. Strengthening governance and the rule of law

33. As the mainstay of its policy advocacy efforts in Latvia, UNDP has since 1995 sponsored the preparation of six NHDRs. By offering incisive analysis and policy recommendations to key audiences (policy makers, the NGO sector, the media and academia), the NHDRs have made valuable contributions to making human development a priority issue on the public policy agenda. The international, governmental and non-governmental partners of UNDP have identified the NHDRs as models of high-quality, independent policy analysis. At the same time, however, while Latvia has significant national expertise in numerous fields of academic research, it has little capacity to perform the more specialized function of public policy research and analysis. Frequent changes in government have to some degree negatively affected the pace of reform efforts. While the direct cause of these changes is political in nature, the root of political differences is often found in the lack of coordination among ministries in communicating with each other and with the public.

34. Of particular importance to Latvia in accession negotiations with the European Union is the capacity of its court system to absorb the massive amount of new legislation and to modernize its systems and procedures to become more efficient in ensuring due process. As part of its ongoing assistance and at the request of the Government, UNDP and the World Bank are completing a thorough review-and-needs assessment of the judicial sector that will aid in the development of a broader medium-term reform strategy for the Government.

Proposed interventions

35. *Policy development and coordination*. UNDP will continue to assist in the preparation of the NHDRs now placing greater emphasis on providing policy alternatives, and will support the use of the reports in policy advocacy. To ensure the future publication of NHDRs in Latvia, UNDP will work to build the country's capacity to address human-development concerns through two key interventions. First, UNDP will continue to provide training and support to a university course in human development, which is now offered by an increasing number of higher education institutions. Second, UNDP will work in partnership with other donors and local institutions to enhance the country's capacity for independent public policy research and analysis. One of the ultimate objectives of this intervention is to ensure the sustainability of the NHDR after the eventual cessation of UNDP assistance to Latvia.

36. The expected results include: (a) having more academic institutions offer courses on human

development; and (b) increasing the body of available high-quality, independent, public policy research.

37. UNDP will also help to strengthen policy coordination and communication by providing capacity-building support to the State Chancellery and line ministries in developing sustainable policy coordination practices.

38. The expected result is the enhanced quality and effectiveness of multi-sectoral policies through inter-ministerial policy coordination.

39. *Judicial reform*. UNDP will promote an expanded programme on judicial reform, in partnership with the Latvian Judicial Training Centre, the Riga Graduate School of Law, the International Catholic Child Bureau (BICE) and the United Nations Children's Fund (UNICEF). UNDP will build a partnership of donors to support the medium-term strategy of the Government for judicial reform. It will concentrate in particular on making court processes more efficient and transparent and on strengthening the substantive capacity of the Ministry of Justice, including strategic planning, the training of judges, prosecutors, bailiffs and other key target groups.

40. The expected results include: (a) greater access to justice and courts by increasing the substantive and procedural capacities of the court system and the Ministry of Justice and (b) improved enforcement of court decisions by strengthening the structures for enforcement with special focus on bailiffs.

C. Other areas

41. Since 1996, UNDP has supported interventions that limit the spread of HIV in Latvia through its involvement in the United Nations theme group on HIV/AIDS. In cooperation with the Government and relevant NGOs, UNDP will coordinate international assistance for national and local responses to HIV among young people, specifically by targeting intravenous drug users and other vulnerable groups.

42. The expected result is reduced rates of HIV infection among young people and intravenous drug users.

43. Under the first CCF, Latvia has made strategic use of Global Environment Facility (GEF) funds, especially through its efforts to contain ozone-depleting substances used in industry. To address key environmental issues, especially biodiversity and climate change, UNDP will continue to help Latvia to gain access to GEF funds.

44. The expected results include: (a) sustained biological diversity through improved management of biotope sites; and (b) decreased consumption of greenhouse gases through the promotion of renewable energy sources.

IV. Management arrangements

Management of country cooperation framework

45. For each of the major CCF programme areas, a strategic results framework (SRF) will be developed indicating: the types of interventions that UNDP supports; the outcomes to which these will contribute; the major outputs to be produced; and the partnerships involved. The major components of the CCF will consist of complex, multi-sectoral programmes involving partnerships and interaction between ministries and State institutions at central and local levels, civil-society organizations, the media and academia. They are expected to be supported by a range of donors, including the European Union and major bilateral donors. The participation of all stakeholders and implementing bodies in decision making and overall monitoring of programme implementation will be essential.

46. For the major programme areas, the Government and UNDP will make use of existing national coordinating and consultative bodies, such as steering and/or advisory committees, to enhance national ownership and participation and to ensure sustainability. The national institutions and organizations involved will receive training as required in project management, national-execution procedures and accountability requirements.

Monitoring, review and evaluation

47. The CCF will be reviewed annually and at mid-term, with the participation of all relevant stakeholders and donors, as part of the SRF/ROAR process. Evaluations will apply to both national programmes and to UNDP's specific interventions, which will facilitate the integration of lessons learned into adjustments of programme and project design.

Partnerships, coordination, and resource mobilization

48. The Government and UNDP will adopt a programme approach to ensure that resources from all participating donors are managed within a coherent, coordinated framework. UNDP will make flexible instruments available to donors to channel support through a UNDP coordinated arrangement in the form of programme support documents, trust-fund or cost-sharing agreements. UNDP and the Government agree to involve donors in programme/project monitoring.

49. UNDP resources will serve to enhance the country's capacity to manage international support for the major national programmes effectively. UNDP resources will therefore be used as "seed money" to support the development of national programmes and to formulate fundable projects. The Government will provide all requisite institutional and in-kind support for the implementation of the programmes, and will set aside national resources to ensure sustainable results. The resource-mobilization targets in the attached annex are expected to be achieved through the joint efforts of the Government and UNDP in support of the major programmes outlined in the CCF.

United Nations system collaboration

50. United Nations agencies will provide support and technical expertise, wherever appropriate, and will work in close collaboration with the World Bank on judicial reform and poverty reduction. The CCA will serve as a common frame of reference for the United Nations system, thereby providing a basis for enhanced collaboration and complementary action in support of major CCF programme goals. The Government and UNDP agree to review regularly, on a cross-sectoral basis, all areas of concern to the United Nations system, using the CCA as a means of identifying emerging needs.

Annex

Resource mobilization target table for Latvia (2001-2004)

Source	Amount (In thousands of United States dollars)	Comments
UNDP regular resources		
Estimated carry-over	183	Indicate carry-over of TRAC 1, TRAC 2 and the earlier AOS allocations.
TRAC 1.1.1	303	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	160	
Subtotal	**646***	
UNDP other resources		
Government cost-sharing	0	
Sustainable development funds	1 500	
	of which:	
Global Environment Facility	1 500	
Third-party cost-sharing	5 100	
Funds, trust funds and other	189	
	of which:	
Baltic Trust Fund II	124	
European Union trust fund	65	
Subtotal	**6 789**	
Grand total	**7 435***	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.